

Washington Horse Racing Commission
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2011 Annual Report

February 10, 2012

The Honorable Christine Gregoire, Governor
State of Washington
P. O. Box 40002
Olympia, Washington 98504-0002

Dear Governor Gregoire:

The Washington Horse Racing Commission (WHRC) is pleased to inform you that in accordance with the Washington Horse Racing Act, Chapter 67.16 RCW, the WHRC Annual Report for the 2011 racing season has been posted on our website, www.whrc.wa.gov.

The WHRC and its staff recognize that horse racing is an economic and recreational asset to the people of Washington. The racing and breeding industries are a valuable sector of the state's economy and agribusiness.

The mission of the WHRC is to regulate pari-mutuel horse racing and support the development of the equine industry. The goals of the WHRC are (1) foster a regulatory environment that promotes the economic benefits of the equine industry, and (2) ensure that the public has confidence in the integrity of pari-mutuel horse racing.

Data on the key agency performance measures is reported in the annual report, which includes:

1. In-state pari-mutuel wagering;
2. Number of live racing days, including the number of races, number of horse starts, and the average number of horses per race at Emerald Downs racetrack in Auburn;
3. Washington-bred owners' bonus and Washington-bred breeder awards distributed;
4. In-state pari-mutuel wagering;
5. Advance deposit wagering and the source market fees derived; and
6. WHRC operating revenue.

The Commissioners and staff appreciate your continued support of the WHRC and the horse racing industry and look forward to working with you to address the challenges that confront horse racing while we work to strengthen its role and sustainability in our state.

Respectfully submitted,

Paul George, Chair

Jeff Colliton

Bud Hallowell, DVM

Distribution of Pari-mutuel Wagers - Emerald Downs and Nonprofit Racetracks 2011 Race Year (September 26, 2010 thru September 25, 2011)			
Racetrack	Pari-mutuel Wagering	Returned To Public	Retention
Emerald Downs*	88,821,127.90	69,037,105.23	19,787,022.67
Sun Downs	381,929.00	294,359.85	69,957.88
Total	89,203,056.90	69,331,465.08	19,856,980.55

* For 2011 the total pari-mutuel wagering at Emerald Downs was down 10.5% from 2010.

Number of Race Days, Races, Horses, and Average Horses per Race				
	Number Race Days	Number Of Races	Number Horses Starting	Average Per Race
Emerald Downs *	82	728	4898	6.7
Sun Downs **	6	56	395	7.0
Total	88	784	5293	6.7

* For 2011 the average number of horses starting per race at Emerald Downs was down 4.3% from 2010.

** In 2011 Sun Downs requested ten days, but was only granted six days of racing. Walla Walla, Waitsburg, and Dayton all requested race days for 2011, but none were granted. The agency had insufficient funds to provide purse money at \$15,800 per day or to cover the regulatory costs associated with additional race days.

Advance Deposit Wagering - [RCW 67.16.260](#).

Advance Deposit Wagering (ADW) is a form of pari-mutuel wagering in which a Washington resident deposits money in an account with an entity authorized by the commission to conduct advance deposit wagering and then the account funds are used for wagers made in person, by telephone, or through communication by other electronic means. A portion of the wager, the "source market fee", made on any race by a person whose principle residence is in Washington is returned to the class 1 racing association and the commission. The source market fee is distributed as breeder awards, owners bonus, purse accounts, and operating accounts per [WAC 260-49-070](#).

Advance Deposit Wagers from Accounts held by Washington Residents 2011 Race Year (September 1, 2010 thru August 31, 2011)		
ADW Company	Wagers by Washington Residents	Source Market Fees Received
TVG Network	30,388,552.40	2,023,561.85
Youbet.Com	1,656,069.90	110,927.17
Twin Spires *	12,405,650.30	896,235.33
XpressBet, Inc.	3,421,330.50	259,358.15
Total	47,871,603.15	3,290,082.50

*In 2011 TwinSpires acquired Youbet.com and transferred all Youbet.com account holders to TwinSpires.

Nonprofit Racetracks' Purse Fund - [RCW 67.16.105](#)

In April 2011 the Legislature (ESSB 5747) amended RCW 67.16.105 to limit purses to the nonprofit racetracks (Class C race meets) to only the one tenth of one percent of the daily gross receipts of all in-state pari-mutuel machines. The legislation eliminating fines, source market fees, and interest on the WHRC operating account as a source of revenue to fund purses at the Class C race meets. In 2011 the WHRC provided \$94,800 to Sun Downs racetrack in Kennewick to fund purses for six days of racing.

Donohue Fund - [RCW 67.16.102\(2\)](#)

Interest derived from the Owner's Bonus Funds in 2010 were paid to the non-profit racetracks in 2011 for maintaining and upgrading their respective racing courses and equine quartering areas.

Donohue Fund Revenue Source	
Interest paid on the Washington-bred Owners' Bonus Funds	3,807.04

Donohue Fund Revenue Distribution	
Sun Downs	951.76
Walla Walla	951.76
Waitsburg	951.76
Dayton	951.76
Total	3,807.04

Owners Bonus - [RCW 67.16.102\(1\)](#)

One percent of pari-mutuel wagering during live racing at Emerald Downs and its OTBs is paid at the end of the race year to all licensed owners whose Washington-bred horses place first, second, third, or fourth at Emerald Downs. Owner's bonuses also include 2.5 percent of the source market fee collected from ADW ([WAC 260-49-070](#)). The horse must be a registered Washington-bred to participate in the owner's bonus program. These bonuses were distributed on November 8, 2011.

Washington-bred Owners' Bonus (Revenue Sources & Distribution) 2011 Race Year (September 27, 2010 thru September 25, 2011)	
1% of Total Wagering – Live Meet (Emerald Downs and OTBs)	489,442.16
Less 50% to NW Racing (April 15 thru June 19, 2011)	107,997.18
Sub-Total	381,444.98
Source market fee (Sept 1, 2010 thru Aug 31, 2011)	81,995.56
Total Distributed to Owners	463,440.54

Washington-bred Breeder's Award - [RCW 67.16.175](#)

One percent of exotic pari-mutuel wagering during live racing at Emerald Downs and its OTBs is paid at the end of the race year to the breeder of record of Washington-bred horses that finish first, second and third. Breeder's awards also include 2.5 percent of the source market fees collected from ADW ([WAC 260-49-070](#)). These awards were distributed on November 8, 2011.

Washington-bred Breeders' Awards (Revenue Sources and Distribution) 2010 Race Year (September 27, 2010 thru September 25, 2011)	
1% Exotic Wagering – Live Meet (Emerald Downs & OTSs)	287,263.28
Less 25% to NW Racing (April 15 thru June 19, 2011)	31,773.58
Sub-Total	255,489.70
Source market fee (Sept 1, 2010 thru Aug 31, 2011)	81,995.56
Total	337,485.26

Participant Licensing

Every individual participating directly in horse racing is required to have a valid license issued by the WHRC. Listed below are the types of licenses and the number issued in 2011.

License Types	Number Issued
Apprentice Jockey	6
Assistant Trainer	29
Association Employee (Management)	18
Association Employee (Hourly)	237
Association Volunteer	0
Authorized Agent	46
Exercise Rider	187
Groom	286
Honorary License	20
Jockey	55
Jockey Agent	9
Other	14
Owner	1,345
Pony Rider	114
Prospective Owner	19
Service Employee	27
Spouse Groom	16
Stable License	204
Trainer	159
Vendor	46
Veterinarian	17
Total	2,854

The total number of licenses issued in 2011 is down 7% from 2010.

WHRC Operating Revenue

The WHRC operating account is comprised of revenue received from pari-mutuel tax, source market fees, individual license fees, advance deposit wagering firms annual license fees, and racetrack license fees. The revenue sources are based on the calendar year 2011 except the pari-mutuel tax received from Emerald Downs, and source market fees from advance deposit wagering, which are based on the race year of September 27, 2010 through September 25, 2011.*

WHRC Operating Revenue Sources	
Licensing Fees	177,938.00
Fingerprint Background Fees	21,060.00
Daily Fee Emerald Downs (82 race days @ \$500 per day)	41, 000.00
Daily Fee Nonprofit Tracks (6 race days at \$10 per day)	60.00
Advanced deposit wagering license fees	3,000.00
Source market fee	246,756.19
Fines	8,150.00
Interest on the WHRC Operating Account	4,573.87
Pari-mutuel tax on track/OTB wagers	1,154,674.66
Total **	1,657,212.72

* Source Market Fees are calculated on September 1, 2010 through August 31, 2011.

** WHRC Operating Revenues were down 7.1% from 2010. This continues a trend of declining operating revenues since 2008.

From 2008 to 2009 revenues were down 14.4%

From 2009 to 2010 revenues were down 10.2%

The cumulative effect is that since 2008 revenues are down 28.6%